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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

12 December 1951

MEMORANDUM FOR THE BOARD

SUBJECT: Draft of O/NE Chapter for the CIA Annual Report.

1. I submit the following draft with some fear and hesitation. Inevitably, any individual who attempts to outline O/NE's problems and accomplishments over the past year will color his presentation with his own personal point of view. I have tried to the best of my ability, however, to present what I understand to be the Board's position rather than my own.

2. We were requested not to prepare the usual progress report or a formal history, but a frank and informal analysis of what we conceive to be our mission, how we function, what we have accomplished, and the problems that we face. This I have attempted to do in the attached draft. It may appear a little lengthy, but I felt it better to present this complex picture in extenso for the Board to cut down as it will. Some excessive frankness and awkwardness in phraseology probably also require change. I am preparing a separate brief draft on the O/NE-O/CI relationship, for coordination with O/CI.

R. W. Komer

R. W. KOMER

Attachment

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SECTION III

Second Half of Part 4

O/NE AND THE PRODUCTION OF NATIONAL ESTIMATES

The establishment of an independent Office of National Estimates in the CIA reorganization of 1950 represented a new departure in US intelligence, the separation of national estimates production from other intelligence functions and the creation of a new CIA office with this sole primary task. This step resulted from the determination of General Smith and his Deputy, Mr. Jackson, to give much greater and more specific emphasis to what they regarded as CIA's most important single function, that of producing authoritative and integrated "national intelligence" estimates which would meet the needs of US security and provide the necessary basis for national policies and plans. These estimates, as they conceived of them, would be produced in full collaboration with all US intelligence agencies and would represent the ultimate product of US intelligence resources. Pursuant to the National Security Act of 1947, the NSC had directed CIA to produce such intel-

I have not hesitated to use abbreviations because all of them will have been repeatedly spelled out in previous sections of the text.

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ligence, which it defined as "integrated departmental intelligence which covers the broad aspects of national policy and national security, is of concern to more than one Department., and transcends the exclusive competence of a single Department."1/

Prior to General Smith's appointment as Director, the CIA Office of Reports and Estimates had produced numerous estimates, many of them national in scope. However, O/RE suffered from having a multiplicity of current reporting, research, and estimating functions, among which that of producing national estimates was not always accorded first place. The Dulles-Jackson report strongly criticized O/RE for having produced too little national intelligence, while spending too much time on other miscellaneous reports and services. It recommended creation within O/RE of a small "Estimates Group" whose sole function would be the production of national estimates.

Moreover, O/RE acted as more or less of a self-contained estimates producer, not usually calling on other agencies for contributions. It usually consulted them only at the final stage of the estimates process, and then by presenting them

1/ NSCID No. 1, 12 Dec 1947 and NSCID No. 3, 18 Jan 1948.

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with a finished estimate to which they were asked to concur to dissent. This procedure was irksome to the Departmental intelligence agencies, which considered that they were not given an adequate role in estimates production and that their views were not accorded sufficient weight.

To remedy this situation, General Smith decided to create a new office at the apex of the national intelligence structure with the sole function of producing national estimates. The DCI decided that this office, unlike its predecessor, should not be a self-contained estimating facility, but should rely primarily upon the Departmental intelligence agencies or, where appropriate, on other CIA offices for intelligence contributions to these estimates and should have these agencies participate fully in their preparation. As the capstone of this process, he made the revived Intelligence Advisory Committee the final board of review for all national estimates, thus allowing all participating agencies the fullest possible role.

The Director prevailed Upon Dr. William L. Langer, Coolidge Professor of History at Harvard and wartime head of OSS Research and Analysis, to organize the new Office of National Estimates, which was created on 13 November 1950. As another important innovation General Smith created a Board of National

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Estimates, a small group of eminent men under Dr. Langer's chairmanship; this group, the core of O/NE, would be responsible for making national estimates the final product of the nation's intelligence skills.

The Mission of O/NE. The basic concept of O/NE is that it has but one primary mission, the production, in close collaboration with the IAC agencies, of national intelligence estimates (NIE's). The NIE, which General Smith has defined as "the end-product of intelligence," is designed to serve as the essential background for US policy and planning at the highest levels of the government, in practice the White House, the National Security Council, and the Departments of State and Defense. NIEs support the determination, execution, and review of policy at the national level by furnishing appreciations which reflect the consensus of US government intelligence views. Their scope generally transcends the area of responsibility of any particular intelligence agency, and welds their several views into an integrated whole.

O/NE regards itself as an integral part of a joint production mechanism, of which it serves as the coordinator. It does not itself produce the basic raw material for an estimate; it relies upon the IAC agencies and where appropriate, upon the

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other offices of CIA for this. The Board of National Estimates conceives of its function as being to set the estimates process in motion, to guide the estimate through this process, and to coordinate and review the estimate as it emerges until after final Board approval it is submitted to the IAC. However, O/NE does more than act as a coordinator and reviewer. Probably its most significant function is actually to prepare, on the basis of the agency contributions, the draft estimate itself.

O/NE's Organization. Dr. Langer and the Board considered that in order best to perform the above mission, O/NE's organization should follow two criteria: it should be kept as small as possible, since it relied on other agencies for its material; and it must be as highly qualified as possible, because of the very nature of its task. The Board of National Estimates itself was personally selected by the Director from outstanding men of national repute, both inside and outside of CIA. At present it consists, besides Dr. Langer, of Dr. Sherman Kent - Yale professor, OSS official and author of Strategic Intelligence, Dr. R. J. Sontag - Professor of History at the University of California, Vice Admiral B. H. Bierl, USN (Ret.), and Dr. L. L. Montague and Dr. DeForest Van Slyck, former heads of the Global Survey unit of ORE. In essence the creation of the Board brought a new level of intelligence personnel into play in the estimates

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process. The national estimate is not merely produced by the intelligence specialist, but also sifted through a group of men of broad-guage, authoritative experience in widely varied fields. The high standards for Board membership have confronted the Director with a serious problem, not only of finding men of the requisite qualifications, but of preventing too rapid a turnover, particularly of those on university leave.

A small staff of highly qualified intelligence personnel was formed to give proper staff support to the Board. Composed at present of only twenty-six senior intelligence officers, including a healthy quota of new blood drawn from outside the Agency, it initially drafts most estimates for Board consideration, assists in their coordination, and seeks to keep the Board as fully briefed as possible on intelligence matters. The Assistant Director has sought to impose a minimum of organizational rigidity, so as to permit flexible operation in meeting the Board's requirements.

O/NE also has a small panel of Consultants, among them such eminent individuals as Mr. George Kennan, Dr. Hamilton Fish Armstrong, and Dr. Vannevar Bush, to whom the most important NIE's are frequently referred for comment. The periodic meetings of Board members with the consultants panel have been of great value

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and could well be further developed. It has often proved difficult to assemble the consultants in time to make full use of their opinions.

In order to be familiar with developments of major interest to it, O/NE maintains close and constant liaison with such agencies as the NSC Staff, the Joint Staff, and the State Department Policy Planning Staff, as well as other CIA offices. One staff representative serves as CIA member of the NSC Staff Assistants and assists the Deputy Director on the NSC Senior Staff.

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O/NE also keeps in close touch with the activities of the IAC Watch Committee to be fully conversant with emerging indications of any hostile developments.

The National Estimates Process. The production of national estimates through the collaboration of numerous IAC agencies and CIA offices has entailed the development of a complex, at times cumbersome, estimates machinery. The role of O/NE and the National Estimates Board vis-a-vis that of the other agencies and offices in this machinery is still in the course of evolution. Over the past year, however, an effective working relationship has been achieved.

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The vital first step in the estimates process, the initial suggestion or request for an estimate, has drawn on wide and varied sources, ranging from White House or NSC requests to the suggestions of individual members of O/NE. Drawing upon so wide a range of sources is considered extremely healthy, although open to abuse, as it gives the broadest possible basis for determining national intelligence needs. It helps to insure that national estimates will not merely meet the expressed needs of policy makers but will also independently demonstrate where future policy problems exist. Roughly half of the estimates produced to date have been suggested by O/NE itself, while the remainder have been requested by other agencies. The IAC itself must approve the scheduling of a national estimate, and the chief criteria for IAC approval have been that it be timely, i.e., that it be needed at the moment, and that it be national in scope. In practice, however, these criteria have not always been strictly adhered to and the IAC and O/NE face a constant problem in not overburdening themselves with essentially secondary estimates, at the expense of concentration on the crucial ones.

The next and exceedingly important step is to prepare the Terms of Reference for the estimate, which define the subject to be covered, ask the important questions which must be answered, and ask these in such form as to draw out the neces-

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sary intelligence. O/NE itself has generally prepared the Terms of Reference, which are then submitted to the IAC agencies for discussion and revision prior to final approval by the Board. At times various agencies have sought to adopt too rigidly schematic and comprehensive a format for estimates, introducing into them material which was not directly pertinent, but in general this tendency has been firmly resisted by the Board. The approved Terms of Reference serve as guidance for the agency contributions, and, although they have not been fully utilized for this purpose, as guides for intelligence collection as well.

Various sections of the agreed Terms of Reference are apportioned to the various IAC agencies or to other CIA offices, in accordance with their ability to contribute. The agencies are then expected to call upon all of their resources to produce a contribution by an agreed target date. These contributions are obviously of crucial importance, for they are the foundation upon which the estimate is based. They have been drawn not only from the regular IAC agencies (G-2, ONI, D/I-USAF, OIR, the FBI and the AEC's intelligence component), but from such other CIA offices as O/SI, O/RR and O/CI.

Perhaps O/NE's most significant role in the estimates process is the preparation of the actual draft estimate on the basis of the contributions received. This function is as-

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signed to a small task team under the guidance of the Board. The draft, when finished, is carefully reviewed, revised, and often rewritten by the Board, assisted by its staff. In this phase O/NE does more than merely piece together the agency contributions. It seeks to integrate them into a cohesive estimate, evaluating them on the basis of its own background, adding material from its own sources, and drawing the necessary estimative conclusions.

The next stage is that of full scale agency coordination. After the IAC agencies have had an opportunity to review the draft estimate, the Board itself meets with the IAC representatives to discuss the draft. It is here that every effort is made to resolve inter-agency differences of opinion and to take fully into account all agency views. The Board then submits its estimate to the IAC itself for final review.

This final step in the NIE process, review by the highest level US intelligence committee, is another feature of the reorganization instituted by General Smith. The IAC, composed of the heads of all US intelligence agencies under the chairmanship of the Director of Central Intelligence, is the forum where remaining major agency differences are, if possible, resolved. In practice, the IAC's review, together with the prior coordination at the agency representatives level, has insured that all NIE's are fully coordinated and has led to a remarkable freedom from agency dissent on the estimates O/NE has produced.

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The above process, with its full allowance for coordination, has proven inevitably lengthy and time-consuming. NIE's have normally taken from two to three months to produce. When necessary the process can be greatly accelerated, however, and O/NE has prepared coordinated estimates on a "crash" basis in as little as two days.

Certain variants of the standard NIE also have been developed to meet special circumstances. Where the scope of an estimate extends beyond the strict sphere of intelligence or where it is for a special purpose and limited distribution it becomes a Special Estimate (SE), although the process is the same.

O/NE has drawn heavily on other CIA offices in support of its estimates, particularly where these offices, such as O/RR and O/SI, perform services of common concern which the other IAC agencies do not provide. An especially close and effective relationship has been developed with these two offices, which often have done all of the substantive groundwork for more specialized scientific or economic estimates under the umbrella of the Board. The Economic Intelligence Committee, developed as an IAC subcommittee under O/RR chairmanship, and the network of scientific intelligence committees chaired by O/SI have proven useful in-

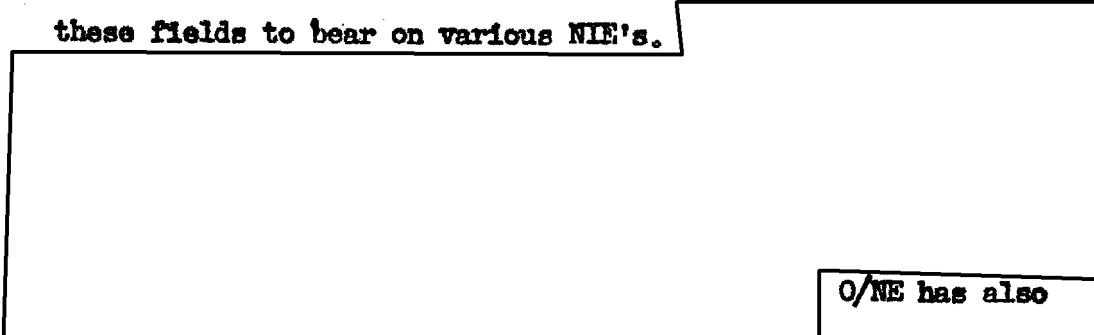
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struments for bringing all of the government's resources in
these fields to bear on various NIE's.

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O/NE has also
frequently drawn on O/PC, O/SO and O/CI resources as well. The
peculiarly complex problem of O/NE-O/CI relationships is dealt
with in Section ____ below.



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In addition to its formal estimates production, O/NE has felt responsible for keeping the Director and Deputy Director of CIA informed of various related developments of an estimative nature. As a medium it has used a series of informal Memoranda to the Director, [REDACTED]

[REDACTED] O/NE has also provided a great deal of informal intelligence support to the NSC staff, through the CIA members of the NSC Staff Assistants and the Senior Staff. At O/PC's request O/NE has occasionally commented informally on the intelligence assumptions underlying O/PC plans.

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Evaluation of National Estimates Production. Despite several weaknesses discussed below, the past year's production of national estimates and the evolution of a functioning national estimates machinery on a full inter-agency basis in general is considered to be one of the most successful outgrowths of the reorganization of CIA. Neither the product nor the machinery has by any means been perfected, but as an initial effort in a new field of truly national and fully coordinated estimating, they represent a distinct achievement over a limited period, in comparison with the past.

As to the estimates themselves, their quality has been generally satisfactory, although in many cases they have inadequate intelligence backing and their conclusions, largely for this

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reason, are not always sufficiently clear. In particular many of the military estimates of Soviet armed strength and capabilities seem outdated, yet peculiarly resistant to change. As a rule the NIE's have been timely, but in a number of cases they may have been completed too late to exert a maximum effort. Certainly the scope of national estimates coverage has been comprehensive. Estimates have been produced on almost all emergent critical situations where it was considered intelligence had anything useful to contribute. Many of these estimates, however, have been quite short range in nature, and will have to be periodically reviewed.

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[redacted] O/NE has not only met all of the outside requests for estimates, but has itself initiated an even larger number. In the latter case, however, many of these estimates have not been sufficiently directly related to the needs of the policy makers and planners, partly because of a failure on their part to inform us of these needs.

The new national estimates machinery, as it has evolved pragmatically over the past year, has revealed certain strengths and weaknesses. The chief strength is that the new process has systematically produced, for the first time in US intelligence history, fully coordinated national intelligence which brings together the widest range of inter-agency resources and represents the consensus of agency views. Within CIA, the dissoci-

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ation of O/NE from all other intelligence functions has permitted undivided attention on estimates production and, together with the quality of the personnel, has resulted in better estimates being produced. Yet both these sources of strength have brought with them certain weaknesses, which are partly remediable, but which are to some degree inherent in the joint estimates process itself. First are the almost inevitable difficulties involved in the intelligence-by-committee method which must be employed so that estimates can be fully coordinated and differences resolved. The interlocking series of committees which characterize the NIE process, both within O/NE and in the larger inter-agency coordination system, tends to promote dilution of the estimate in an effort to reach agreement if conflicts are involved. Second, the dissociation of O/NE from all but the estimating function does tend to separate it from the unfinished intelligence on which its estimates are based. Despite its efforts to brief itself independently and to check on agency contributions, O/NE itself must largely depend upon the quality of the contributions it receives. Third, the new estimates process has proved lengthy and time-consuming, partly because O/NE itself has been slow in producing many draft estimates and partly because of the time lag in agency contributions, but also because of the numerous committee meetings required if properly coordinated estimates are to be produced.

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Problems to be Overcome in National Estimates Production.

A full year of experience with the new national estimates process and an evaluation of its present strengths and weaknesses reveals the serious problems which still remain to be solved. Since O/NE above all other CIA components rests on a foundation of inter-agency collaboration and is at the same time closest to the ultimate intelligence consumer, the bulk of these problems relate to the role of O/NE in relation to the IAC agencies and to the planners and policy makers themselves.

a. Improving the Quality of National Estimates. The most serious problem is that of how to further improve the quality of national intelligence estimates. Some of the estimates produced to date have been criticized for their lack of clear and forthright conclusions upon which policy decisions can be based. It is recognized that to be of most value to the policy makers and planners, NIEs must be as firm and unequivocal as is feasible in any particular case. However, any failure to do so is at least in part inherent in the very limitations of the intelligence process. Invariably there are critical questions to which intelligence simply cannot give a definitive answer. To be more positive than is justified under the circumstances would be to mislead the estimates consumer. In such cases we must frankly say "we do not know" or "we can only guess." To delineate accurately the various gradations of estimative cer-

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tainty — ranging from "it is conceivable" through "we believe it almost certain" — is in itself a problem which requires further study. O/NE is actively studying various ways and means of refining the "language" of estimates to clarify for its customers exactly what is meant.

But the greatest need is for more adequate agency contributions upon which firmer national estimates can be based. In the last analysis, the NIE product will perforce depend upon the calibre of this intelligence support. The relatively low quality of much of the intelligence which goes into the final national estimate of course reflects a weakness of the entire US intelligence system, not simply of the estimates process itself. While in general the IAC agency contributions have shown some improvement, honestly compels the verdict that they have not in many cases proved wholly adequate. Despite the difficulty of any generalization, the service intelligence contributions have been more prompt but less satisfactory than those of other CIA offices and the Department of State. The fault, of course, lies both with the agencies and with O/NE. In some cases O/NE has been insufficiently clear and explicit in outlining the problem; in others it has not made clear to the agencies the deficiencies of their contributions and called for further ones. O/NE must itself develop more systematic

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methods of checking the accuracy and adequacy of these contributions, perhaps more fully utilizing for this purpose other offices of CIA. In many cases, however, the IAC contributors are inadequately staffed and equipped to make the maximum useful contribution to NIE's. CIA may well be forced to use its national intelligence coordinating responsibilities to seek improvement or expansion of the departmental intelligence staffs.

A related need is that of more competent agency representation at the all-important coordination meetings with the National Estimates Board. While OIR normally sends the interested intelligence experts, the services in general have sent liaison officers whose special function is to deal with agencies like O/NE. As a result these representatives often are not the same as those who actually prepared the contributions and frequently are not technically qualified to discuss the estimate under review. Moreover, in some cases they are not authorized sufficient latitude to deal on an equal basis with the Board.

b. The role of NIE vis-a-vis the IAC Agencies.

Nevertheless, the weakness of many past estimates is not only attributable to the above difficulties; in large measure it is a byproduct of the present process of intelligence-by-committee by which national intelligence is produced. Inevitably, any

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national estimate which must reflect the largest possible area of agreement among a half dozen IAC agencies tends to arrive, in event of conflict, at the lowest common denominator of inter-agency concurrence, especially when time is short. There may well be some correlation between the remarkable lack of dissents by IAC agencies and the lack of firm conclusions in some NIE's. It is at this point that the delicate problem of CIA's role vis-a-vis that of the other agencies in the estimates process comes to the fore.

National intelligence must and should represent the best collective judgment of all agencies concerned. At the same time, however, CIA's role in the production of national intelligence must not only be that of coordination; CIA, as an independent agency under the control of no department, must also speak with an independent and presumably objective voice. No observer could deny that in many instances departmental policy preoccupations tend to color the views which a departmental intelligence component takes. This situation is largely inherent in the relationship of such components to the agencies of which they are a part. To a degree this is a healthy phenomenon, but too often it violates a basic principle of national intelligence, that it must render an impartial estimate, resolving or identifying

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differences, but not obscuring them. To place the Board of National Estimates too much on the same level with the departmental agencies and to adhere too closely to a desire for unanimous inter-agency agreement may tend to weaken the NIE product and to vitiate the role which O/NE can play. In theory the Board, as the Director's estimating facility is solely responsible for its own estimates, while the IAC itself is only advisory to the Director and the final estimate is his own. In practice, however, both the Director and the Board have leaned over backward to seek full agency agreement, despite the dilution of opinion which in some cases has occurred. Essentially this is a problem of balancing the need for the most cooperative inter-agency relationships (without which the present estimates process cannot function) against the often conflicting need for firm and forthright estimates, even at the expense of some dissent. In meeting this problem CIA, as a still new agency developing new intelligence concepts, must move carefully at best.

c. Relation of Intelligence to the Consumer.

There is an equally serious need not only for better collaboration among intelligence producers, but for better relations between them and their clients -- the planning and policy making echelons of the government. Progress has been made in the past year toward closer ties between intelligence and

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policy, particularly through O/NE support of CIA participation in the NSC, through more intimate relationships with the JIG and the State Policy Planning Staff and the numerous requests via these channels for national intelligence support of policy formulation and review. However, the very success of these new relationships indicates how much further they might be developed and how mutually profitable it might be. It is very strongly felt that the policy makers still do not take sufficient cognizance of intelligence and of the contribution it can make. The NSC Staff in particular could more frequently request national intelligence estimates on specific NSC policy problems which they face. Replacement of the present "arms-length" relationship by a closer working partnership of intelligence and policy people, as under the British system, would greatly increase the value of national intelligence estimates.

Equally serious in its limitations on the usefulness of the intelligence product is the continued opposition of the military services to permitting intelligence to take account of US capabilities in evaluating enemy capabilities and intentions. O/NE has in the past been forced to cancel several highly useful estimates because of the refusal of the military services to even permit intelligence components to evaluate comparative Allied capabilities versus those of the USSR. Yet

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without such a comparative evaluation, no useful estimate of, say, Soviet capabilities and intentions to invade Japan is possible at all. Intelligence's need to know, however, is sharply circumscribed; it has no need or indeed desire to know "war plans." In many cases it does need, however, precise operational assumptions to permit meaningful comparative evaluations instead of artificial and frequently misleading estimates of Soviet "raw" capabilities.

d. Limiting the Sphere of "National" Estimates.

The national estimates system faces a constant problem of how to rigidly confine its output to only truly "national" estimates which the policy makers really need. If its products become too numerous and too indiscriminating, any intelligence agency, particularly one producing for a select high-level audience, runs a serious risk that this product will no longer be seriously read. On the other hand any definition of national intelligence is necessarily elastic and open to varying interpretation. There is a tendency for departments to ride their "hobbies" or to toss into the NIE pot any estimate on which for some reason or other they want inter-agency agreement or which is too big for their own resources. As a result the national estimates system has already been burdened with certain projects whose suitability is questionable at best. Another potential danger is that

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O/NE itself will become involved in too many other internal CIA tasks besides the production of NIE's. Its small staff has already become involved in processing an increasing number of miscellaneous requests. Many of these can be easily answered as a by-product of national intelligence production. However, if O/NE should become too involved in such matters as operational support, formulation of detailed field collection requirements, coordination of non-estimative matters, etc., not only would a much larger staff be required but O/NE would be in danger of losing its present focus on a single primary function, the production of NIE's.

In sum, despite the substantial progress in evolving a new concept of national intelligence, there is still a great deal to be accomplished before a fully satisfactory national intelligence estimates process can be evolved. In particular the continuing problems of inter-agency coordination and relations are not susceptible of easy or rapid solution and the final pattern of national intelligence production has no doubt not yet taken shape. Nevertheless, O/NE's experience in a full year of operation represents for the first time a clear fixing of responsibility for coordinated national estimates within the governmental intelligence structure and the actual production of estimates which can truly be called national in scope.

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